

<b>REPORT TO:</b>	Leader – Cllr Richard Cooper Cabinet Member Resources, Enterprise and Economic Development – Cllr Graham Swift
<b>DATE:</b>	31 March 2020
<b>SERVICE AREA:</b>	Finance
<b>REPORTING OFFICER:</b>	Revenues, Welfare and Customer Services Manager ( <i>Julie Gillett</i> )
<b>SUBJECT:</b>	<b>COVID-19: support for businesses: Non-domestic discretionary rates relief policy 2020</b>
<b>WARD/S AFFECTED:</b>	ALL DISTRICT
<b>FORWARD PLAN REF:</b>	N/A

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## **1.0 PURPOSE OF REPORT**

To seek approval using the urgency procedure set out in the Council's constitution for changes to the discretionary rates relief policy from April 2020 following the Government response to economic impact of the Covid-19 coronavirus.

## **2.0 RECOMMENDATION/S**

- 2.1 The Non-domestic discretionary rates relief policy (Appendix A) is implemented from 1 April 2020 to reflect the additional national business rate measures

## **3.0 RECOMMENDED REASON/S FOR DECISION/S**

- 3.1 The policy includes the changes necessary to implement the national additional business rate measures to support local businesses and communities through the impact of the coronavirus. These measures apply to 2020/21 only.

## **4.0 ALTERNATIVE OPTION/S CONSIDERED AND RECOMMENDED FOR REJECTION** (*Must be used for reports to Cabinet & Cabinet Members*)

To continue with the current Non-domestic discretionary rate relief policy and not allow for the proposed additional areas of relief to be included. This

would mean vital support needed by local businesses and the community following the coronavirus crisis could not be provided.

## **5.0 THE REPORT**

- 5.1 Discretionary rates relief allows Local Authorities to have some flexibility in areas of relief awarded to businesses to support the local economy and/or focus on specific areas for development.
- 5.2 The policy was last reviewed in 2018 to introduce additional areas and had recently been updated to include national legislation changes for the financial year 2020/21 prior to the coronavirus crisis.
- 5.3 The Government has announced additional business rates measures that can apply from 1 April 2020 in response to the coronavirus. These temporary measures, which only relate to 2020/21 financial year are:
- retail rate discount increased to 100% and expanded to the leisure and hospitality sectors. The removal of exclusions so retail, leisure, and hospitality properties forced to close as a result of the COVID-19 restriction measures will be eligible
  - The removal of the £51,000 rateable value threshold for the expanded retail discount
  - Introduction of pub discount of £5000 for pubs with rateable value less than £100,000
  - Introduction of 100% discount for childcare providers with no rateable value limit
- 5.4 As these are measures for 2020/21 only the Government is not changing the legislation relating to reliefs available to properties. Instead the local authority should use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended), to grant the above relief. It is up to each local authority to adopt a local scheme and determine each individual case, having regard to the provided Government guidance.
- 5.5 The Non Domestic Discretionary Rates Relief Policy has been updated to reflect these changes and include the eligibility criteria set out in the guidance. Section 2.2.2 has been updated to include the nursery discount. Section 2.2.9 has been updated to cover the expanded retail rate discount. Section 2.2.12 has been updated to reflect the increased amount of pub relief
- The updated policy can be found at **Appendix A**. No areas of relief have been removed.
- 5.6 Given the importance of the additional support measures for local businesses, we are ensuring revised bills are issued as quickly as possible to qualifying ratepayers and confirm that they will not need to pay any rates for financial year 2020/21.

## **6.0 REQUIRED ASSESSMENTS AND IMPLICATIONS**

6.1 The following were considered: Financial Implications; Human Resources Implications; Legal Implications; ICT Implications; Strategic Property/Asset Management Considerations; Risk Assessment; Equality and Diversity (the Public Sector Equality Duty and impact upon people with protected characteristics). If applicable, the outcomes of any consultations, assessments, considerations and implications considered necessary during preparation of this report are detailed below.

## 6.2 **Financial Implications:**

Where a local authority uses their discretionary power to grant relief the Government will fully reimburse for that local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003).

Central government will reimburse billing authorities and major precepting authorities for the actual cost to them under the rate retention scheme of the relief. If the amount of discretionary relief granted in 2020/21 is greater than this, this would, all other things being equal, result in a deficit on the Collection Fund, which would need to be recouped in future years. The cost of this would be divided as follows:

Harrogate Borough Council 40%  
North Yorkshire County Council 9%  
Central Government 50%  
North Yorkshire Fire and Rescue 1%

The amount of these government funded reliefs is 100% of the bill after mandatory reliefs and other discretionary reliefs, such as charity, small business rate reliefs are applied excluding those where local authorities have used their wider discretionary relief powers.

The 50% childcare provider local discount previously included in the Non-domestic discretionary relief policy 2020 will be replaced by the new government funded 100% discount.

**Legal** - Given the government advice to avoid all non-essential contact and stay at home neither the Leader nor the Cabinet Member wish to refer the matter to an Urgency Committee or full Council as these options require meetings in person to be convened. The constitution provides for the Leader and Cabinet Member to take a decision if it is a matter of urgency. Urgent decisions are decisions which need to be taken as soon as possible in order to obtain a benefit for, or avoid or mitigate harm to, the District as a whole. The decisions proposed fall within this definition. Procedurally the Chair of the Overview & Scrutiny Commission, Cllr Aldred needs to agree to the decision being taken as a matter of urgency. Cllr Aldred has been sent a copy of this report and on 31 March 2020 agreed that it was a decision that needed to be taken urgently.

## 7.0 CONCLUSIONS

The proposed extended and additional amendments are vital to support businesses in the district which in turn support the development of the local economy.

Local authorities will be fully compensated for the loss of income associated with granting the expanded and additional relief and the Government will meet the associated new burdens funding to cover the administrative costs of implementation.

### **Background Papers –**

<https://www.gov.uk/government/publications/business-rates-retail-discount-guidance>

**OFFICER CONTACT:** Please contact Julie Gillett (Revenues, Welfare and Customer Services Manager), if you require any further information on the contents of this report. The officer can be contacted by e-mail – [julie.gillett@harrogate.gov.uk](mailto:julie.gillett@harrogate.gov.uk)

# **Non-domestic Discretionary Rate Relief Policy April 2020**

Produced by - *Revenues, Welfare and Customer Services*

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## Contents

1	Overview.....	4
1.1	Background and legislation.....	4
1.2	Purpose of the policy .....	4
1.3	General principles .....	4
1.4	Application requirements.....	5
1.5	Processing applications.....	5
1.6	Appealing a decision.....	5
1.7	Payment of non-domestic rates .....	6
1.8	State aid .....	6
2	Rates relief for businesses.....	7
2.1	Mandatory relief for businesses.....	7
2.2	Discretionary relief for businesses in the Harrogate District .....	7
2.2.1	Business investment in targeted growth sectors.....	7
2.2.2	Childcare support relief.....	8
2.2.3	Discretionary business rate relief .....	8
2.2.4	Hardship relief.....	9
2.2.5	Increasing the supply of high quality office space.....	10
2.2.6	Mobile infrastructure business rate relief.....	11
2.2.7	Partly occupied property relief (Section 44a) .....	11
2.2.8	Re-occupation of empty listed building .....	13
2.2.9	Retail relief.....	14
2.2.10	Rural rate relief.....	16
2.2.11	Town centre improvement relief.....	16
2.2.12	Pub Relief.....	17
2.2.13	Local Newspapers .....	18
3	Rate relief for non- profit making organisations.....	19
3.1	Mandatory reliefs for organisations .....	19
3.2	Discretionary relief for organisations.....	19
3.2.1	General evaluation criteria .....	19
3.2.2	Charities and CASCs .....	22

# 1 Overview

## 1.1 Background and legislation

Harrogate Borough Council (HBC) has four clear priorities for the district;

1. A strong local economy
2. A sustainable environment
3. Supporting our communities
4. Excellent public services

The council understands the importance support to local businesses and organisations plays in achieving against the above priorities, ensuring our communities and businesses are able to develop and thrive within the district.

Section 47 of the Local Government Finance Act 1988 gives powers to local councils to grant discretionary business rate relief. Subsequent legislation in the Localism Act 2011 has extended these powers to allow wider granting of local discretionary relief.

Although some reliefs are awarded through central government initiatives and can be reclaimed under a section 31 government grant, the remaining support is met by the local authority. Therefore there must be clear and transparent guidance in place to ensure relief is awarded fairly and consistently across the district to support our priorities.

## 1.2 Purpose of the policy

The policy outlines how the council will operate within the above legislation, and refers to discretionary rates relief scenarios applicable within the district. The policy also references European Union legislation and restrictions for State Aid, plus the application process to be followed when applying for rates relief.

Finally, the policy document identifies the responsibilities for decision making when awarding discretionary rate relief and the process for appealing any decision should the applicant not agree with the outcome.

## 1.3 General principles

Applications for discretionary rate relief must be considered in accordance with statutory requirements and give consideration to any guidance issued by the Secretary of State. Decisions will be taken in accordance with the council's constitution and with consideration to the interests of HBC council tax payers. The criteria for discretionary relief awards have been allocated in such a way as to ensure the benefit to HBC tax payers, the local economy and community exceed any detrimental effects to these caused by the financial impact of the award. Locally managed reliefs will be applied once any mandatory, or government led discretionary reliefs have been applied.

## **1.4 Application requirements**

Applications for mandatory and discretionary relief must be made online via [www.harrogate.gov.uk](http://www.harrogate.gov.uk). All application forms and supporting information requirements can be found under the **Business and investment** area of the website.

Other than for applications on the grounds of hardship, rate relief will be awarded from the date of application. If the applicant can demonstrate good cause for not making the application sooner, then discretion may be applied in exceptional circumstances and rate relief awarded retrospectively.

## **1.5 Processing applications**

Once an application has been received by the council, it will be processed and evaluated against the criteria set. All required supporting evidence must be received prior to the evaluation taking place. The application will be passed to the Revenues, Welfare and Customer Services Manager for review and a decision made on the award.

We aim to process applications within four weeks of receipt of the complete application and supporting evidence. Once evaluated, applicants will be informed of the outcome. If an application is unsuccessful, the notification will tell the applicant the reasons why an award has not been granted.

Successful applications will have the award applied to their non-domestic rates account, and will receive a notification informing them of the decision, the percentage and timeframe the deduction has been awarded for and an amended non-domestic rate demand, or bill.

## **1.6 Appealing a decision**

Harrogate Borough Council are keen to ensure ratepayers feel they have been treated fairly and therefore applicants may write to the council to tell us why they consider a decision to be wrong. This should be received by the council no more than four weeks after notification of an unsuccessful application is received by the ratepayer. The submission will be reviewed by the council's Section 151 officer in conjunction with the Portfolio Holder for Finance (Cabinet Member for Resources, Enterprise and Economic Development). This will be completed within six weeks of receipt of the applicant's letter and the applicant will receive a written response.

If the applicant is still not satisfied with the response, a further appeal can be submitted to the Licensing Committee. The applicant will be notified of the appeal hearing and invited to attend, and subsequently notified in writing of the outcome of the appeal. The decision of the Licensing Committee is final.

Right of appeal for refusal to grant relief can be challenged by judicial review under section 138 of the Local Government Finance Act 1988. This is the means by which the decisions of billing authorities under discretionary rating powers may be questioned. Judicial review is a High Court remedy, which may be resorted to by any person or organisation under the Rules of the Supreme Court, and which is primarily concerned not with the facts of the case in question but with the way the facts have been considered. The High Court's principal concern, here, is with the procedures leading up to the consideration of the case, with the conduct of the procedures leading up to the consideration of the case, with the conduct of the proceedings while the case is being considered, and with the extent to which relevant or irrelevant matters were or were not taken into account.

## **1.7 Payment of non-domestic rates**

Ratepayers are required to continue making payments towards their business rates as they become due, during both the application and appeal stages of the process. If payments are not received, then the council will continue with its normal process for recovering arrears.

## **1.8 State aid**

Public authorities are responsible for ensuring their policies comply with the rules concerning state aid.

Rate relief will not be awarded in circumstances where it appears that an award will result in the ratepayer receiving state aid that is above the current *de minimus* level.

Each rate relief application received from a business must be accompanied by a signed statement from the appropriate person representing the business, setting out the amount of state aid received by the business over the last three years. Applications will not be considered until this information has been provided.

## **2 Rates relief for businesses**

There are a number of different areas of rate relief available for businesses. Some of these are set by central government to support development initiatives and the 2017 re-valuation process, whilst others are local discretionary reliefs supported by Harrogate Borough Council and therefore the local tax payer.

### **2.1 Mandatory relief for businesses**

Details of mandatory reliefs can be found at <https://www.gov.uk/apply-for-business-rate-relief>

HBC has no discretion in awarding mandatory relief, however must be satisfied that the statutory criteria are met. Any concerns over the status of a business will be reviewed against the available case law.

Appeals against refusal to grant relief must be made to the Magistrate's Court at a liability order hearing.

### **2.2 Discretionary relief for businesses in the Harrogate District**

#### **2.2.1 Business investment in targeted growth sectors**

The Economic Growth Strategy for the Harrogate District (<https://www.harrogate.gov.uk/economicgrowthstrategy>) seeks to build on existing strengths, proactively address the challenges that the district's economy faces and create effective partnerships, thereby securing a successful and sustainable economic future. This relief will support the following aims of the strategy:

- A good supply of quality employment space in the appropriate locations; encouraging business growth and inward investment;
- An increase in the district's productivity and gross value added (GVA);
- More higher value jobs and higher average workplace wages, generating greater expenditure in the district;
- An image as a great place to invest and do business.

Our ambition is to provide relief for businesses who want to establish new operations within the district. The specific targeted growth sectors are:

- Financial & Professional Services
- Creative & Digital
- Logistics
- Scientific Research & Development

Applications from other sectors may still be considered on a case by case basis.

Applications under this relief must demonstrate the following;

- Creation of new jobs within the Harrogate district

	Micro	Small	Medium	Large
New jobs in District (FTE)	1 -9	10 -49	50 - 249	250 +
Relief per FTE	6%	4%	2%	1%
Max relief	50%	50%	50%	50%

- Evidence of job creation and long term lease/freehold to show their commitment to continued business activity within the district.

Successful applicants can choose to either receive relief within the first year of occupation or spread this over the first three years of their investment. In the event the business re-locates outside of the Harrogate district within the five year time period following discretionary relief being awarded, then the organisation will be required to repay any relief granted.

The decision to make an award within this category of relief will be taken by the Revenues, Welfare and Customer Services Manager, in consultation with the Economic Development Team, and the relevant Cabinet portfolio holder.

### 2.2.2 Nursery discount 2020/21: Coronavirus response

The council recognises the benefit to local communities of childcare providers to enable parents to work to support family life and the local economy and had provided a 50% to qualifying childcare providers

On 18 March 2020, in response to the coronavirus, the Government announced that many childcare providers would pay no business rates in 2020/21

The relief will apply to premises that meet the following criteria:

- Occupied by provider on Ofsted's Early Years Register
- Used wholly or mainly for provision of Early Year Foundation Stage
- For avoidance of doubt, premises closed temporarily due to government advice on COVID19 will be treated as occupied
- There is no rateable value limit for relief

Relief will be automatically awarded as eligible properties will be identified from the Ofsted Early Years Register.

The relief will be 100% of the bill, after any mandatory relief (such as charity relief) and other government funded discretionary reliefs have been applied. For 2020/21 this discount will replace the previous local discount for 50% childcare support relief.

### 2.2.3 Discretionary business rate relief

At the Spring 2017 budget, the Government announced the establishment of a £300 million discretionary fund to local councils over four years from 2017/18 to support businesses in their

areas. The £300 million will cover the four years from 2017/18 as follows:

- £175m in 2017/18
- £85m in 2018/19
- £35m in 2019/20
- £5m in 2020/21

Harrogate Borough Council recognises the support the proportion of additional funding allocated to the district can bring to local businesses facing increases in their business rates liability following the 2017 re-evaluation. Authorities are required to design their own schemes to be applied within the district, and the council is keen to maximise the use of the available funding and ensure it is effectively distributed within the local area. The HBC scheme offers in year one a 60% reduction against the rate increase experienced by businesses who say their Rateable Value increase by over 10%. The level of reduction applicable will be recalculated annually based on the level of funding available. Following the introduction of Retail Relief in 2019/20 (detailed in section 2.2.9), the Discretionary business rates relief will continue to be allocated in the same way, but focusing on local businesses not eligible for Retail Rate Relief.

The council are taking a proactive approach to allocation of this relief and having identified eligible parties, will updated their accounts appropriately, and will continue to do so over the period relief is available.

#### **2.2.4 Hardship relief**

Section 49 of the Local Government Finance Act 1988 allows the authority discretionary power to reduce up to 100% the payment of business rates for either occupied (section 43 of the Local Government Finance Act 1988) or unoccupied (section 45 of the Local Government Finance Act 1988) properties.

Each case will be considered individually based on the information provided in the application. If no evidence of hardship can be established, then there is no obligation for the authority to award hardship relief. The application should provide evidence against the following criteria;

- Prior two years trading accounts show a decrease in profitability
- The imposition of business rates is causing the hardship
- The loss of the business impacts on the local community through loss of employment, or services as the only supplier in the area;
- The business has proactively undertaken actions to manage the situation such as obtaining business advice, pricing review, employee remuneration review (reasonable remuneration classed as 150% of the national living wage);
- A business plan identifying how the current loss situation will be improved.

Applications for hardship relief against empty properties will only be considered in exceptional circumstances where there are clear benefits to the local taxpayers in making the award.

Applications will not be considered where the following factors are met;

- The latest available annual accounts show a profit, and/or;

- Assets or reserves amount to more than 300% of annual non-domestic rates liability, and/or;
- The proprietor has failed to exercise due diligence to anticipate circumstances that could result in hardship, and/or;
- A prior hardship relief award has been granted for 12 months in the last 24 month period, and/or;
- The business has been established for less than 12 months, unless there are clear unpredictable events that could not have been foreseen which threaten the viability of the business, and/or;
- There is no clear benefit to the council tax payer.

Relief will only be granted where the council feels there is clear evidence of hardship and is satisfied that failure to apply an award will impact on the longevity of the business and the community it serves.

Awards will be applied for a maximum of six months from the application date, or date evidenced hardship commenced. Applications can be made to extend the period of the award for a further six months, however previous business planning and performance will be considered before extending the duration of the award. Extension of hardship relief beyond the 12 month period will be under exceptional circumstances only and will be considered by the councils Section 151 officer in conjunction with the Portfolio Holder.

### **2.2.5 Increasing the supply of high quality office space**

The availability of high quality office space is a priority to stimulate the local economy and development of high value growth sectors.

Applications under this category of relief must demonstrate the following;

- Must include B1 (a and b) use class (offices, research & development)
- Must be over 2,000 square feet (from the valuation office review)
- Must be in an accessible, preferably town centre location with consideration to public transport routes.

The amount of any reduction awarded will be considered in line with other applications received previously, and the following factors;

- Existing levels of relief
- Level of private investment
- Rateable value
- Layout – with a preference for open plan
- Digital infrastructure

- Energy efficiency improvements

The decision to make an award under this provision will be by the Revenues, Welfare and Customer Services Manager, in consultation with council's Estate Surveyors and the Cabinet portfolio holder.

### **2.2.6 Mobile infrastructure business rate relief**

Local Authorities want to encourage mobile phone service providers to provide services to the more rural areas of the district where there is currently very poor or non-existent mobile phone coverage.

The areas where Business Rate Relief will apply are:

- a) Not Spots – The mast is to serve an area where there is no mobile coverage from any operator.
- b) Areas of Poor Mobile Coverage for all operators – The mast is to serve an area where the signal level is below the minimum level for all operators as stated by the industry regulator Ofcom.
  - The area may have some mobile coverage but it is not of a recognised level to sustain good communications. This will be measured by the NYCC Mobile Phone Coverage Programme Manager.

It should be noted that a mast will not be considered for business rate relief in areas where:

- There is currently coverage by one of the operators;
- There is a need to increase coverage due to capacity issues; or
- Operators are looking for a new site due to cessation notice on an original site.

The business rate relief will be applied to any new mobile infrastructure meeting the agreed criteria up to a value of £6,000 per annum per mast initially for a period of three years. Two further extension periods of two years each may be awarded if after year three and year five a review of the site confirms the area of coverage is still low use and/or commercial changes such as building development have not impacted on the usage and therefore profitability of the mast. This gives a maximum possible relief of £42,000 over the seven year period.

Applications will be considered by the RWCS Manager in consultation with the NYCC Programme Manager – Mobile Phone Coverage, to confirm the location of the mast meets the criteria above.

### **2.2.7 Partly occupied property relief (Section 44a)**

The council has discretion under section 44a of the Local Government Finance Act to award rate relief where part of a property is un-occupied for a temporary period of time. The award is calculated by statute and is calculated as a proportion of the rateable value apportioned to the unoccupied area by the Valuation Office. Each application must be accompanied by a plan clearly showing the un-occupied area the application applies to.

The intention of this relief is to assist businesses who may be changing their business model or relocating and occupying spaces over a gradual period of time, however there must be clearly definable spaces for the purposes of apportionment. The reasons for partial occupation should be evidenced by the rate payer and each application will be considered on its own merits. No award will be made where it appears to the council that un-occupation of part of a property is wholly or partially for the purposes of applying for partly occupied property relief. Applications will always be

considered in line with the section 44a of the Local Government Finance Act 1988 and any relevant case law.

Examples of circumstances where an application would be considered include (but are not limited to) the following scenarios;

- Partial occupation of a factory or commercial property to facilitate relocation of the business
- Part occupation of premises due to a downturn in trade
- Fire, flood or other natural disaster prevents full use of the building

If a request for an award is accepted, the council will request a certificate from the Valuation Office Agency indicating the relevant values of the occupied and unoccupied portions. This certificate is binding to the council and there is no right of appeal against the apportionment.

The ratepayer must allow access to the property by a council officer by appointment Monday to Friday between 9am and 5pm within two weeks of the application being received in order for the officer to verify the occupation of the property. If required, further access may be requested during the award period. Access to the un-occupied area may be requested immediately without advanced notice. Should access not be allowed promptly without good cause, the rate relief award may be withdrawn.

The effect of the apportionment applies for the period the relief is applied, defined as the period beginning with the day the partial un-occupancy commenced, and ending on the first day one of the following events occurs;

- Occupancy of the un-occupied part of the property
- The end of the financial year in which the apportionment was made
- The end of six months from when the apportionment was made
- Requirement of a change to the apportionment
- Change to the liable party
- Complete occupation of the property
- Complete vacation of the property

Retrospective applications will not be considered once re-occupation of the space has taken place, unless independent evidence can be supplied to support a backdated claim.

### 2.2.8 Re-occupation of empty listed building

Empty listed buildings currently receive a mandatory rate relief of 100% with no time limit. This means there is little incentive for owners or investors to bring these properties back into use, reducing the risk of decay and safety issues, whilst helping to retain the rich heritage of the district which plays an important part in its economic development.

To incentivise investment in these properties, HBC will provide relief to the rate payer over a three year period, once commercial activities have resumed or started in the property. The following criteria must be met for relief to be granted;

- The building must be listed and have been vacant for a minimum of twelve consecutive months;
- Evidence must be submitted that some renovation is required to bring the building back into commercial use;
- The applicant must gain Listed Building consent for the proposed work, and any associated planning permission

Where the criteria are met, relief is as follows:

<b>Year after property is brought back into use</b>	<b>Maximum % of relief</b>
<b>Year 1</b>	80%
<b>Year 2</b>	50%
<b>Year 3</b>	20%

The relief only applies to the owner/occupier making the improvements to the building. The relief will end if the ownership or responsibility for paying the rates changes to another person or organisation after the award has been made.

The decision to make an award under this provision will be by the Revenues, Welfare and Customer Services Manager, in consultation with officers from Planning and Development and the Cabinet portfolio holder.

### 2.2.9 Retail relief

The Ministry of Housing, Communities and Local Government introduced retail relief for the financial years 2019/20 and 2020/21. In response to the coronavirus, in the Budget on 11 March this was increased to 100% to support occupied business premises that are wholly or mainly used as shops, restaurants, cafes and drinking establishments, cinemas and live music venues and also extended it to leisure and hospitality sectors. There will be no rateable value limit on the relief.

Properties that will benefit from the relief will be occupied premises. Where a business has closed temporarily due to the government's advice on COVID19 it will be treated as occupied for the purposes of this relief.

The following list sets out guidance on the type of use considered to be eligible premises:

- a) hereditaments that are being used for the sale of goods to visiting members of the public.  
For example:
  - shops
  - charity shops
  - opticians
  - post offices
  - furnishing shops/display rooms (such as carpet shops, double glazing)
  - car/caravan show rooms
  - Second hand car lots
  - markets
  - petrol stations
  - garden centres
  - art galleries (where art is for sale/hire)
  
- b) Hereditaments that are being used for the provision of the following services by members of the public.  
For example:
  - Hair and beauty services
  - Shoe/domestic appliance repairs
  - Travel agents
  - Dry cleaners/laundrettes
  - Funeral directors
  - Photo processing
  - Car/Tool hire
  - Employment agencies
  - Estate/letting agents
  - Betting shops
  
- c) Hereditaments that are being used for the sale of food and/or drink to visiting members of the public  
For example:
  - Restaurants
  - Takeaways
  - Sandwich shops
  - Coffee Shops
  - Pubs/Bars
  -

- d) Hereditaments that are being used as cinemas
- e) Hereditaments that are being used as live music venues
- f) Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of public (including viewing of such activities)
  - Sports grounds and clubs
  - Museums and art galleries
  - Nightclubs
  - Sport and leisure facilities
  - Stately homes and historic houses
  - Theatres
  - Tourist attractions
  - Gyms
  - Wellness centres, spas, massage parlours
  - Casinos, gambling clubs and bingo halls
- g) Hereditaments that are being used for the assembly of visiting members of the public
  - Public halls
  - Clubhouses, clubs and institutions
- h) Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business
  - Hotels, guest and boarding houses
  - Holiday homes
  - Caravan parks and sites

**Types of use not considered to be eligible:**

- a) Hereditaments that are being used for provision of services to vesting members of public
  - financial services (banks, building societies, cash points, bureau de change, shoer term loan providerd)
  - medical services (vets, dentists, doctors, osteopaths chiropractors)
  - professional services (solicitors, accountants, insurance agents, financial advisors)
  - Post office sorting offices
- b) Hereditaments that are not reasonably accessible to visiting members of the public

The above lists are not exhaustive and applications will be considered

For 2020/21 the value of retail relief is 100% of the bill after any mandatory reliefs (such as charity and small business rate relief) and other applicable discretionary reliefs, excluding any local discretionary discount. The 2020/21 pub discount is applied after the retail discount.

Application of this relief will be processed automatically. Subject to approval the expanded retail discount will be a notified state aid and will be awarded ignoring de minimus limits.

### 2.2.10 Rural rate relief

Some rural businesses are eligible for mandatory Rural rate relief of 100% however applications for discretionary relief up to 50% can be made by any rural business, if they meet the following criteria;

- Rural relief is only applicable to occupied properties
- The business must be situated in a rural area that has a population of no more than 3,000 residents on the 31<sup>st</sup> December of the preceding financial year.
- The business property must have a rateable value of no more than £16,500

Business accounts for the previous two years showing profitability are required to determine levels of relief against the following;

<b>Gross profit as a % Of turnover</b>	<b>Max. relief to be awarded</b>
<b>Up to 20%</b>	50%
<b>21% - 25%</b>	40%
<b>26% - 30%</b>	30%
<b>31% - 35%</b>	20%
<b>36% - 40%</b>	10%
<b>Over 40%</b>	0%

Relief is allocated for one year only, and updated accounts are required to be submitted for review with each further annual application. Where a business is in its first two years of trading, relief will be based on a realistic forecast of future trading, and may take into account previous occupants or performance of similar businesses in the area.

### 2.2.11 Town centre improvement relief

Quality of 'place' is a significant factor in the economic vitality of the Harrogate District. It is therefore important that our town centres are seen as vibrant and attractive places to live, work, visit and do business.

Harrogate Borough Council would like to support local small business owners to improve the appearance of business premises in our town centres. Applications will be considered across the district to support the external re-decoration of properties with a rateable value of up to £50,000. This relief is also available to unoccupied business properties that meet the criteria. Town Centre Improvement Relief will be available in the "[town centre](#)" areas as defined of Boroughbridge, Harrogate, Knaresborough, Masham, Pateley Bridge and Ripon to help maintain the overall aesthetics of these areas.

Applicants are required to submit current photographs showing the state of the building and a quote for the decoration works to be carried out to provide assurance of the quality and longevity of the work to be undertaken and ensure proposals are in keeping with the local area. HBC will at this point approve applications and on proof of completion of the works will award relief of up to £1000 against the current year's business rates liability.

### **2.2.12 Pub Relief**

The Ministry of Housing, Communities and Local Government introduced business rate relief for public houses with a rateable value of less than £100,000 for one year from 1 April 2020. The level was increased from £1000 to £5000 and will be available to eligible occupied properties

The Government's policy intention is that eligible pubs should:

- be open to the general public
- allow free entry other than when occasional entertainment is provided
- allow drinking without requiring food to be consumed
- permit drinks to be purchased at a bar.

For these purposes, it should exclude:

- restaurants
- cafes
- nightclubs
- hotels
- snack bars
- guesthouses
- boarding houses
- sporting venues
- music venues
- festival sites
- theatres
- museums
- exhibition halls
- cinemas
- concert halls
- casinos

The exclusions in the above list are not exhaustive and each individual case will be considered on its own merit

Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, subject to State Aid De Minimis limits.

Pub relief is applied after mandatory relief and other applicable discretionary reliefs including the retail rate relief

Application of this relief will be processed automatically subject to state aids limits.

### **2.2.13 Local Newspapers**

From 1 April 2017 the Government has provided funding to local authorities to offer a £1,500 business rates relief for office space occupied by local newspapers, up to a maximum of one discount per local newspaper title and per hereditament, and up to state aid limits. This has been extended for additional years and is now available until 31 March 2025.

The property must be occupied by a local newspaper and wholly or mainly used as office premises for journalists and reporters.

The relief is specifically for local newspapers considered to be a “traditional local newspaper.” The relief is not available to magazines.

### 3 Rate relief for non- profit making organisations

Equally important in considering our district is the development and maintenance of our community. The mix of urban and rural populations in the Harrogate District brings with it challenges around transportation and access to services. Ensuring community groups and local activities are developed and sustained helps to reduce potential for isolation and depletion of community activities and contacts.

#### 3.1 Mandatory reliefs for organisations

The Local Government Finance Act 1988 requires the Council to grant mandatory rate relief of 80% of the business rate liability in the following cases;

- Registered charities where the property is wholly or mainly used for charitable purposes
- Clubs registered with HMRC as a Community Amateur Sports Club (CASC)

Where a property is owned by a charity, or its trustees and it appears that when next in use, the property will continue to be used mainly for charitable purposes; the ratepayer will qualify for a mandatory allowance of 100% on the unoccupied charge payable.

HBC has no discretion in awarding mandatory relief, however must be satisfied that the statutory criteria are met. Any concerns over the status of an organisation will be reviewed against the available case law.

Appeals against refusal to grant relief must be made to the Magistrate's Court at a liability hearing.

#### 3.2 Discretionary relief for organisations

There is a legislative requirement for businesses and organisations to identify mandatory rate reliefs applicable to their rateable property before applying for discretionary relief. Harrogate Borough Council recognises that not all businesses or organisations will fit into the above categories and will consider each application for discretionary relief on its own merit. The Council recognises the valuable role played by clubs and organisations within the community, however as any relief granted is paid by the tax payers of the district, it is important that the benefit to the tax payer is considered as part of the evaluation.

Applications for up to 100% discretionary relief can be submitted by not for profit organisations whose aims are charitable or otherwise philanthropic and in the interest of Harrogate Borough Council residents, concerning the promotion of social welfare, education, science, literature or the arts.

Applications may also be submitted where a property is mainly used for the purpose of recreation and all or part of the property is occupied as a club, society or other organisation not established or conducted for profit.

##### 3.2.1 General evaluation criteria

The following criteria **must** be met;

- No membership exclusions on the grounds of protected characteristics as defined within the Equalities Act

- The cost of access to club services is not excessive and prohibitive to general membership from all residents of the district.
- Quality of life within the community would be significantly affected if relief was not granted
- No other organisations are providing similar services or facilities within the local area
- No licenced bar open year round to a regular opening schedule outside of events and activities.

***Benefit to district residents***

To ensure discretionary relief is being considered in terms of benefit to the district, the percentage of membership being met from within the Harrogate district should be considered as follows;

<b>Residents of Harrogate District as a percentage of overall membership</b>	<b>Maximum relief award</b>
<b>Over 74%</b>	25%
<b>50% to 74%</b>	15%
<b>Below 50%</b>	0%

***Provision of services to youth groups, special interest groups or groups identified under the equalities act***

HBC encourages the development of facilities and opportunities to support young people within the district for both their personal development and support needs, particularly where membership or attendance is free of charge, or at appropriately reduced rates, and the facility complements other council run developments. Other special interest services are welcomed where there is a positive impact on the community served by the facility and loss of the facility would be detrimental to the health and/or wellbeing of its membership.

<b>Provision of services to youth, special interest or groups under the equalities act</b>	<b>Maximum relief award</b>
<b>All services targeted at one or more of the above groups</b>	<b>25%</b>
<b>Active programme in place to target the above groups</b>	<b>10%</b>
<b>Reduced fee structure in place for the above groups</b>	<b>5%</b>

### ***Self-financing***

To establish sustainable, local organisations the council is keen to support those who demonstrate good financial management and self-sufficiency where possible. This does not exclude the receipt of external income through grants, however fund raising events and subscriptions can also help fund raising, and contribute to the community value of the organisation. The award levels associated with self-financing are therefore set to encourage organisations to increase their self-financing income levels as follows;

<b>Self-financing income</b>	<b>Maximum relief award</b>
<b>Over 74%</b>	<b>25%</b>
<b>50% to 74%</b>	<b>15%</b>
<b>Below 50%</b>	<b>0%</b>

### ***Levels of reserves***

Whilst the levels of reserves held by an organisation can vary significantly, they need to be evaluated proportionally to the rate liability due for the property.

<b>Reserves or savings as a percentage of rate liability</b>	<b>Maximum relief award</b>
<b>Below 100%</b>	<b>25%</b>
<b>100% - 299%</b>	<b>15%</b>
<b>Over 300% (500% for hospices)</b>	<b>0%</b>

### **3.2.2 Charities and CASCs**

Some organisations eligible for the 80% relief above may also apply for discretionary top up relief up to 100% of their rates liability.

Academy, free, grant maintained, faith and trust status schools will not be granted discretionary relief, unless a special case for hardship can be proved under which circumstances an application under this category should be submitted (section 2.2.4)

This discretionary relief will be awarded proportionally against the criteria in 3.2.1.

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## **URGENT DECISIONS OUTSIDE THE BUDGET OR POLICY FRAMEWORK**

### **COVID-19 Support for Businesses: Non-domestic Discretionary Rates Relief Policy 2020**

**NOTICE** is hereby given that in accordance with Paragraph 5 of the Budget and Policy Framework Procedure Rules – Urgent Decisions Outside the Budget and Policy Framework, the Leader and the Cabinet Member for Resources Enterprise and Economic Development acting together will be invited to make a decision on the above matter.

The Chair of the Overview and Scrutiny Commission has given consent to the decision being taken under Paragraph 5 of the above mentioned Rules, in order to permit consideration of this matter by the Leader and Cabinet Member to enable the Council to progress with amending the discretionary rates relief policy in order to provide support to businesses.

Further information on the matter can be obtained by viewing the appropriate report of the Cabinet published on the Council and Democracy pages of the Council's website.

J Norton

Head of Legal and Governance

Harrogate Borough Council

23 March 2020

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**Urgent Cabinet - Decision Notice - Public**

**Part A**

1. **Decision Maker:** The Leader and the Cabinet Member for Resources Enterprise and Economic Development acting together (Budget and Policy Framework Procedure Rules – Paragraph 5)
2. **Date of the Decision:** 31 March 2020
3. **Subject (title and description):** COVID-19: support for businesses: Non-domestic discretionary rates relief policy 2020
4. **Did the decision maker declare an interest?** No
5. **Lead Officer:** Julie Gillett – Revenues, Welfare and Customer Services Manager
6. **Was all or any part of the report exempt?** No  
**If yes, is there an Exempt Decision Notice?** N/A
7. **The Decision:** The Non-domestic discretionary rates relief policy (Appendix A) is implemented from 1 April 2020 to reflect the additional national business rate measures.
8. **Reasons for the Decision:** The policy includes the changes necessary to implement the national additional business rate measures to support local businesses and communities through the impact of the coronavirus. These measures apply to 2020/21 only.
9. **Alternative Options Considered and Rejected:** To continue with the current Non-domestic discretionary rate relief policy and not allow for the proposed additional areas of relief to be included. This would mean vital support needed by local businesses and the community following the coronavirus crisis could not be provided.
10. **Is this a Key Decision:** No

**If yes, please state Forward Plan reference number:** N/A

**Part B – Key Decisions Only – to be completed by Democratic Services**

11. **Is the decision subject to call in:**
12. **End of the Call-In Period:**

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